WHRB

HARVARD RADIO BROADCASTING COMPANY, INC.

16 DUNSTER STREET · CAMBRIDGE 38 · MASSACHUSETTS

UNIVERSITY 4-9550

January 16, 1962

Mr. Herbert Decker
c/o Ivy Network
242-A Yale Station
New Haven, Conn.

Dear Bert:

First let me say that I was gratified by the fact that you chose to respond to my last letter -- the one addressed to all Station Managers -- albeit with a series of distortions.

I am quite disturbed by the implications and assumptions which you drew from that letter. There was neither mention of nor allusion to your supposition that WHRB holds the Ivy Office or you responsible for the loss of the R.J. Reynolds or the Schlitz contract, and Lanvin was mentioned only as a case of an established client which failed to renew. We do realize the problems and uncertainties of selling.

The entire point of the letter -- the one which was stated most explicitly, and the one which you seem to have missed or disregarded -- is that the contracts cited represent vivid proof of the fallacy of budgeting on "expected income." We still feel that the Ivy budget cannot be realistically made up on the basis of "expected income," since, as you state yourself, "The basic point iá that there are no 'sure renewals.'" This is our basic point, too, and we feel that "expected income" which exceeds one-half of known income ($20,000 out of $58,000) is not a realistic appraisal of the situation.

May I remind you that the original budget resolution, which called for a radically different type of budget, was passed unanimously by the Board of Directors in September. In that resolution there were two prominent provisions.

One was to the effect that the budget should be made up on the basis of signed contracts <u>with provision for special appropriations to be made against contracts signed after the approval of the budget</u>. We do not think that this procedure is "totally unrealistic" and "beyond the bounds of reason" as youm claim. We think, as a matter of fact, that it would be quite reasonable to expect Ivy to operate on a "pay-as-you-go" basis.

The second provision was one which would bring the summer operating expenses within the scope of the budget, by having the budget expire on September 30 instead of June 30. As things stand now, summer expenses receive only <u>ex post facto</u> approval. We think that asking for the summer expenses to be budgeted in advance is equally as reasonable as the previous point.

Your comment that the budget was expected by the Board to be based on contractual income as of September is totally unfounded. This year's budget was explicitly to have been based on income up to December. Aside from this, you yourself pointed out to the Board in September,

that the majority of Ivy contracts are sold or renewed during the summer and signed by September.

I am fully aware of the fact that our position was presented at the December meeting, as you point out. I can only return to a statement that I made in my letter of December 13, 1961, which was addressed to you. "We cannot understand how the other stations in the Network could have been so easily diverted from the original intent and purpose of the budget resolution."

Sincerely,

Michael S. Rice
Prseident
(for the Administratice Board)

cc: William Fishman
all Ivy Station Managers